

State of Hawaii - Department of Taxation
Supplemental Insert to Booklet A (Rev. 2006), Employer's Tax Guide

Issued June 2009

In the interest of cost savings, this insert is provided to amend only Booklet A, Appendix I, Parts 1 and 2. There are no changes to the Booklet A instructions nor to the Booklet A, Appendix I, Part 3, Withholding Tables. Booklet A will be revised and issued with amendments to Appendix I, Part 3 in the latter part of 2010 when the standard deduction and personal exemption amounts are revised for Tax Year 2011.

STATE OF HAWAII
DEPARTMENT OF TAXATION

APPENDIX I

HAWAII INCOME TAX WITHHOLDING RATES AND METHODS

Effective January 1, 2009, through December 31, 2010

PART 1

ANNUALIZED INCOME TAX WITHHOLDING

PART 2

**ALTERNATIVE METHOD OF COMPUTING TAX TO BE
WITHHELD UNLESS THE ANNUALIZED METHOD OR WITHHOLDING
TABLES ARE USED**

PART 3

TAX TABLES FOR INCOME TAX WITHHOLDING

**Employers using the Tax Tables in Part 3 of this appendix may disregard the
formula methods shown in Part 1 and Part 2 for employees with incomes
that DO NOT exceed the 7.60% tax bracket**

PART 1

ANNUALIZED INCOME TAX WITHHOLDING

Annualized Income Tax Withholding: You may determine the tax to be withheld on the basis of annualized wages (using the tax computation method for annual payroll periods), then prorate the tax on the basis of the payroll period actually used. Employers with more than one payroll period (for instance, part-timers paid weekly; full-timers paid semi-monthly) may find this method helpful for conserving computer memory capacity. Only the annual rates below, wage brackets and allowance values need to be stored.

Example: An employee who is single and has only one job, is paid \$375 a week. He claims three withholding allowances (one personal exemption, an allowance since he is single and has only one job, and an allowance for his estimated itemized deductions) on the Employee's Withholding Allowance and Status Certificate (Form HW-4) on file with you.

1. Multiply weekly wage of \$375 x 52 weeks to determine annual wage \$ 19,500.00
2. Subtract withholding allowances (\$1,040 x 3)..... 3,120.00
3. Amount subject to withholding (line 1 minus line 2) \$ 16,380.00
4. Compute withholding tax on \$16,380 using the WITHHOLDING TAX RATES below
for a single person, annual payroll period:
Tax on first \$14,400..... \$ 682.00
Tax on remaining \$1,980 at 6.8% 134.64
Annual withholding tax..... \$ 816.64
5. Compute Weekly withholding tax (\$816.64 /52 weeks) \$ 15.70

ANNUAL PAYROLL PERIOD

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| Over | But not over | | |
|----------------|-----------------|---------------------------------------|-----------|
| \$ 0 | \$ 2,400 | 1.40% of excess over | \$ 0 |
| \$ 2,400 | \$ 4,800 | \$ 34.00 plus 3.20% of excess over | \$ 2,400 |
| \$ 4,800 | \$ 9,600 | \$ 110.00 plus 5.50% of excess over | \$ 4,800 |
| \$ 9,600 | \$ 14,400 | \$ 374.00 plus 6.40% of excess over | \$ 9,600 |
| \$ 14,400 | \$ 19,200 | \$ 682.00 plus 6.80% of excess over | \$ 14,400 |
| \$ 19,200 | \$ 24,000 | \$ 1,008.00 plus 7.20% of excess over | \$ 19,200 |
| \$ 24,000 | \$ 36,000 | \$ 1,354.00 plus 7.60% of excess over | \$ 24,000 |
| \$ 36,000..... | | \$ 2,266.00 plus 7.90% of excess over | \$ 36,000 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| Over | But not over | | |
|----------------|-----------------|---------------------------------------|-----------|
| \$ 0 | \$ 4,800 | 1.40% of excess over | \$ 0 |
| \$ 4,800 | \$ 9,600 | \$ 67.00 plus 3.20% of excess over | \$ 4,800 |
| \$ 9,600 | \$ 19,200 | \$ 221.00 plus 5.50% of excess over | \$ 9,600 |
| \$ 19,200 | \$ 28,800 | \$ 749.00 plus 6.40% of excess over | \$ 19,200 |
| \$ 28,800 | \$ 38,400 | \$ 1,363.00 plus 6.80% of excess over | \$ 28,800 |
| \$ 38,400 | \$ 48,000 | \$ 2,016.00 plus 7.20% of excess over | \$ 38,400 |
| \$ 48,000 | \$ 72,000 | \$ 2,707.00 plus 7.60% of excess over | \$ 48,000 |
| \$ 72,000..... | | \$ 4,531.00 plus 7.90% of excess over | \$ 72,000 |

PART 2

ALTERNATIVE METHOD OF COMPUTING TAX TO BE WITHHELD, UNLESS THE ANNUALIZED METHOD OR WITHHOLDING TABLES ARE USED.

WEEKLY PAYROLL PERIOD

If the period is weekly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$20.00.
- If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
 - If employee claims one allowance, deduct \$20.00; if two, deduct \$40.00; if three, deduct \$60.00; and so forth.
(If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|-------------|---------------------|----|---------------------------------|----|-----|
| \$ 0 | \$ 46 | | 1.40% of excess over | \$ | 0 |
| \$ 46 | \$ 92 | \$ | .64 plus 3.20% of excess over | \$ | 46 |
| \$ 92 | \$ 185 | \$ | 2.11 plus 5.50% of excess over | \$ | 92 |
| \$ 185 | \$ 277 | \$ | 7.23 plus 6.40% of excess over | \$ | 185 |
| \$ 277 | \$ 369 | \$ | 13.12 plus 6.80% of excess over | \$ | 277 |
| \$ 369 | \$ 462 | \$ | 19.38 plus 7.20% of excess over | \$ | 369 |
| \$ 462 | \$ 692 | \$ | 26.08 plus 7.60% of excess over | \$ | 462 |
| \$ 692..... | | \$ | 43.56 plus 7.90% of excess over | \$ | 692 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|---------------|---------------------|----|---------------------------------|----|-------|
| \$ 0 | \$ 92 | | 1.40% of excess over | \$ | 0 |
| \$ 92 | \$ 185 | \$ | 1.29 plus 3.20% of excess over | \$ | 92 |
| \$ 185 | \$ 369 | \$ | 4.27 plus 5.50% of excess over | \$ | 185 |
| \$ 369 | \$ 554 | \$ | 14.39 plus 6.40% of excess over | \$ | 369 |
| \$ 554 | \$ 738 | \$ | 26.23 plus 6.80% of excess over | \$ | 554 |
| \$ 738 | \$ 923 | \$ | 38.74 plus 7.20% of excess over | \$ | 738 |
| \$ 923 | \$ 1,385 | \$ | 52.06 plus 7.60% of excess over | \$ | 923 |
| \$ 1,385..... | | \$ | 87.17 plus 7.90% of excess over | \$ | 1,385 |

BIWEEKLY PAYROLL PERIOD

If the period is biweekly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$40.00.
- a. If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
 - b. If employee claims one allowance, deduct \$40.00; if two, deduct \$80.00; if three, deduct \$120.00; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | |
|----------------|---------------------|---------------|----------------------|----------|
| \$ 0 | \$ 92 | | 1.40% of excess over | \$ 0 |
| \$ 92 | \$ 185 | \$ 1.29 plus | 3.20% of excess over | \$ 92 |
| \$ 185 | \$ 369 | \$ 4.27 plus | 5.50% of excess over | \$ 185 |
| \$ 369 | \$ 554 | \$ 14.39 plus | 6.40% of excess over | \$ 369 |
| \$ 554 | \$ 738 | \$ 26.23 plus | 6.80% of excess over | \$ 554 |
| \$ 738 | \$ 923 | \$ 38.74 plus | 7.20% of excess over | \$ 738 |
| \$ 923 | \$ 1,385 | \$ 52.06 plus | 7.60% of excess over | \$ 923 |
| \$ 1,385 | | \$ 87.17 plus | 7.90% of excess over | \$ 1,385 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | |
|----------------|---------------------|----------------|----------------------|----------|
| \$ 0 | \$ 185 | | 1.40% of excess over | \$ 0 |
| \$ 185 | \$ 369 | \$ 2.59 plus | 3.20% of excess over | \$ 185 |
| \$ 369 | \$ 738 | \$ 8.48 plus | 5.50% of excess over | \$ 369 |
| \$ 738 | \$ 1,108 | \$ 28.78 plus | 6.40% of excess over | \$ 738 |
| \$ 1,108 | \$ 1,477 | \$ 52.46 plus | 6.80% of excess over | \$ 1,108 |
| \$ 1,477 | \$ 1,846 | \$ 77.55 plus | 7.20% of excess over | \$ 1,477 |
| \$ 1,846 | \$ 2,769 | \$ 104.12 plus | 7.60% of excess over | \$ 1,846 |
| \$ 2,769 | | \$ 174.27 plus | 7.90% of excess over | \$ 2,769 |

SEMIMONTHLY PAYROLL PERIOD

If the period is semimonthly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$43.35.
- a. If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
 - b. If employee claims one allowance, deduct \$43.35; if two, deduct \$86.70; if three, deduct \$130.05; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|-------------|---------------------|----|---------------------------------|----|-------|
| \$ 0 | \$ 100 | | 1.40% of excess over | \$ | 0 |
| \$ 100 | \$ 200 | \$ | 1.40 plus 3.20% of excess over | \$ | 100 |
| \$ 200 | \$ 400 | \$ | 4.60 plus 5.50% of excess over | \$ | 200 |
| \$ 400 | \$ 600 | \$ | 15.60 plus 6.40% of excess over | \$ | 400 |
| \$ 600 | \$ 800 | \$ | 28.40 plus 6.80% of excess over | \$ | 600 |
| \$ 800 | \$ 1,000 | \$ | 42.00 plus 7.20% of excess over | \$ | 800 |
| \$ 1,000 | \$ 1,500 | \$ | 56.40 plus 7.60% of excess over | \$ | 1,000 |
| \$ 1,500 | | \$ | 94.40 plus 7.90% of excess over | \$ | 1,500 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|-------------|---------------------|----|----------------------------------|----|-------|
| \$ 0 | \$ 200 | | 1.40% of excess over | \$ | 0 |
| \$ 200 | \$ 400 | \$ | 2.80 plus 3.20% of excess over | \$ | 200 |
| \$ 400 | \$ 800 | \$ | 9.20 plus 5.50% of excess over | \$ | 400 |
| \$ 800 | \$ 1,200 | \$ | 31.20 plus 6.40% of excess over | \$ | 800 |
| \$ 1,200 | \$ 1,600 | \$ | 56.80 plus 6.80% of excess over | \$ | 1,200 |
| \$ 1,600 | \$ 2,000 | \$ | 84.00 plus 7.20% of excess over | \$ | 1,600 |
| \$ 2,000 | \$ 3,000 | \$ | 112.80 plus 7.60% of excess over | \$ | 2,000 |
| \$ 3,000 | | \$ | 188.80 plus 7.90% of excess over | \$ | 3,000 |

MONTHLY PAYROLL PERIOD

If the period is monthly, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$86.65.
- a. If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
 - b. If employee claims one allowance, deduct \$86.65; if two, deduct \$173.30; if three, deduct \$259.95; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | |
|-------------|---------------------|----------------|----------------------|----------|
| \$ 0 | \$ 200 | | 1.40% of excess over | \$ 0 |
| \$ 200 | \$ 400 | \$ 2.80 plus | 3.20% of excess over | \$ 200 |
| \$ 400 | \$ 800 | \$ 9.20 plus | 5.50% of excess over | \$ 400 |
| \$ 800 | \$ 1,200 | \$ 31.20 plus | 6.40% of excess over | \$ 800 |
| \$ 1,200 | \$ 1,600 | \$ 56.80 plus | 6.80% of excess over | \$ 1,200 |
| \$ 1,600 | \$ 2,000 | \$ 84.00 plus | 7.20% of excess over | \$ 1,600 |
| \$ 2,000 | \$ 3,000 | \$ 112.80 plus | 7.60% of excess over | \$ 2,000 |
| \$ 3,000 | | \$ 188.80 plus | 7.90% of excess over | \$ 3,000 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | |
|-------------|---------------------|----------------|----------------------|----------|
| \$ 0 | \$ 400 | | 1.40% of excess over | \$ 0 |
| \$ 400 | \$ 800 | \$ 5.60 plus | 3.20% of excess over | \$ 400 |
| \$ 800 | \$ 1,600 | \$ 18.40 plus | 5.50% of excess over | \$ 800 |
| \$ 1,600 | \$ 2,400 | \$ 62.40 plus | 6.40% of excess over | \$ 1,600 |
| \$ 2,400 | \$ 3,200 | \$ 113.60 plus | 6.80% of excess over | \$ 2,400 |
| \$ 3,200 | \$ 4,000 | \$ 168.00 plus | 7.20% of excess over | \$ 3,200 |
| \$ 4,000 | \$ 6,000 | \$ 225.60 plus | 7.60% of excess over | \$ 4,000 |
| \$ 6,000 | | \$ 377.60 plus | 7.90% of excess over | \$ 6,000 |

DAILY OR MISCELLANEOUS PAYROLL PERIOD

If the period is daily or miscellaneous, or if there is no payroll period (refer to section 13) using the daily wage, or the average wage per day, as instructed, proceed as follows:

- Step 1. Deduct from the total wage for the period an amount for the withholding allowance equal to the number of allowances claimed times \$2.85.
- a. If employee claims no allowance (zero), no deduction is made. The total wage is used in computing the amount of tax to be withheld.
 - b. If employee claims one allowance, deduct \$2.85; if two, deduct \$5.70; if three, deduct \$8.55; and so forth. (If balance is negative, employee's wage is fully exempt).
- Step 2. Use the amount of wages arrived at in Step 1 to apply the rates shown in A & B below. If employee is single — unmarried head of household, A applies; if employee is married, B applies.

A. SINGLE PERSONS — INCLUDING UNMARRIED HEADS OF HOUSEHOLD

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|-------------|---------------------|----|--------------------------------|----|----|
| \$ 0 | \$ 7 | | 1.40% of excess over | \$ | 0 |
| \$ 7 | \$ 13 | \$ | .10 plus 3.20% of excess over | \$ | 7 |
| \$ 13 | \$ 26 | \$ | .29 plus 5.50% of excess over | \$ | 13 |
| \$ 26 | \$ 39 | \$ | 1.01 plus 6.40% of excess over | \$ | 26 |
| \$ 39 | \$ 53 | \$ | 1.84 plus 6.80% of excess over | \$ | 39 |
| \$ 53 | \$ 66 | \$ | 2.79 plus 7.20% of excess over | \$ | 53 |
| \$ 66 | \$ 99 | \$ | 3.73 plus 7.60% of excess over | \$ | 66 |
| \$ 99 | | \$ | 6.24 plus 7.90% of excess over | \$ | 99 |

B. MARRIED PERSONS

If the amount of wages

(after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

| <u>Over</u> | <u>But not over</u> | | | | |
|--------------|---------------------|----|---------------------------------|----|-----|
| \$ 0 | \$ 13 | | 1.40% of excess over | \$ | 0 |
| \$ 13 | \$ 26 | \$ | .18 plus 3.20% of excess over | \$ | 13 |
| \$ 26 | \$ 53 | \$ | .60 plus 5.50% of excess over | \$ | 26 |
| \$ 53 | \$ 79 | \$ | 2.09 plus 6.40% of excess over | \$ | 53 |
| \$ 79 | \$ 105 | \$ | 3.75 plus 6.80% of excess over | \$ | 79 |
| \$ 105 | \$ 132 | \$ | 5.52 plus 7.20% of excess over | \$ | 105 |
| \$ 132 | \$ 197 | \$ | 7.46 plus 7.60% of excess over | \$ | 132 |
| \$ 197 | | \$ | 12.40 plus 7.90% of excess over | \$ | 197 |